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ORGANIZATIONAL MEETING

COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	Organizational meeting and adoption of the Committee's Rules of Procedure	<p>The Committee, chaired by Rep. Isidro Ungab (3rd District, Davao City), held its organizational meeting during which the Committee's Rules of Procedure for the 18th Congress was adopted.</p> <p>Under the Rules of the House, the Committee has jurisdiction over all matters directly and principally relating to the expenditures of the national government including payment of public indebtedness, creation or abolition and classification of positions in government, and the determination of salaries, allowances and benefits of government personnel.</p>

BUDGET BRIEFING

COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	<p>Budget briefing by the members of the Development Budget Coordination Committee (DBCC) on the proposed FY 2020 national budget</p> <ul style="list-style-type: none"> Department of Budget and Management (DBM) – on the proposed FY 2020 national budget 	<p>The Committee, chaired by Rep. Isidro Ungab (3rd District, Davao City), opened its deliberations on the proposed FY 2020 National Expenditure Program (NEP) with a briefing on the features of the national budget for next year, as well as on the monetary, financial and external developments and outlook; overview of the Philippine economic performance; fiscal and revenue collection performance; and how the budget will be financed in 2020.</p> <p>DBM Acting Secretary Wendel Avisado presented the proposed FY 2020 national budget of P4.1 trillion which is 12% higher than the FY 2019 national budget of P3.66 trillion. Avisado said that the proposed budget was prepared based on the theme "Continuing the Journey to a More Peaceful and Progressive Philippines," which is consistent with the President's goal of transforming the country into a middle-income society. The FY 2020 national budget aims to achieve the government's growth targets by investing in priority programs, including infrastructure and social services, while adhering to fiscal sustainability, Avisado added.</p> <p>The proposed national budget will also adopt a "hybrid" budgeting system, which is a combination of cash-based and obligation-based budgeting system. The annual cash-based budgeting limits incurring obligations and disbursing payments for goods delivered and services rendered, inspected, and accepted within the fiscal year. On the other hand, the multi-year obligation-based budgeting system allows the government to obligate funds without requiring the actual delivery of goods and services within the year.</p> <p>By expense class, the 2020 national budget will be distributed as follows: personnel services, P1.26 trillion (30.6%); capital outlay (CO), P790.5 billion (19.3%); allotment to local government units (LGUs), P710.5 billion (17.3%); maintenance and other operating expenses (MOOE), P605.5 billion (14.8%); debt burden, P461 billion (11.2%); support to government-owned and controlled corporations (GOCCs), P192 billion (4.7%); allotment to the</p>

<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> National Economic and Development Authority (NEDA) – on the Philippine socio-economic performance and outlook 	<p>Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), P70.6 (1.7%); and tax expenditures P14.5 billion (0.4%).</p> <p>The top 10 departments/offices to receive the highest budget are as follows:</p> <ul style="list-style-type: none"> Education-related agencies - Department of Education (DepEd), State Universities and Colleges (SUCs), Commission on Higher Education (CHED), and Technical Education and Skills Development Authority (TESDA) – P673 billion; Department of Public Works and Highways (DPWH) – P534.3 billion; Department of the Interior and Local Government (DILG) – P238 billion; Department of Social Welfare and Development (DSWD), including the budget for Unconditional Cash Transfer Program – P195 billion; Department of National Defense (DND) – P189 billion; Department of Health (DOH), including the budget for National Health Insurance Program – P165.5 billion; Department of Transportation (DOTr) – P147 billion; Department of Agriculture (DA) – P93.1 billion; Judiciary – P38.7 billion; and Department of Environment and Natural Resources (DENR) – P26.4 billion. <p>Avisado also said that the national government has a total savings or unobligated balance of P193 billion in 2018.</p> <p>NEDA Director General Ernesto Pernia said that the country is already behind its macroeconomic targets. He explained that the 2018 gross domestic product (GDP) of 6.2% is slightly behind the growth target of 7% to 8%. He added that GDP growth slowed further to 5.5% during the first semester of 2019, blaming it on the slowdown in government spending due to the delayed passage of the 2019 national budget, fixed capital investments, and weaker external demand. The GDP growth must reach an average of at least 6.4% in the second half of the year to reach the low-end target of 6%, Pernia said.</p> <p>Gross national income (GNI) per capita increased by only 4.1% in 2018 and 3.5% as of the first semester of this year, compared to the target of 5%. According to Pernia, the slow GNI per capita expansion will make it difficult for the Philippines to meet its goal of becoming an upper middle income country this year. Nevertheless, Pernia believes that this goal can still be achieved by 2020 on the assumption that the economy will improve.</p> <p>On the other hand, Pernia said that the labor market registered improvements as he cited the following data: unemployment rate decreased from 5.3% in 2018 to 5.2% during the first half of 2019; underemployment outside the National Capital Region (NCR) dropped from 17.7% in 2018 to 15.8% this year; and youth unemployment rate continues to decline due to the conditional cash transfer (CCT) program. Moreover, the Philippines leaped 19 places to rank 54th from 73rd last year out of 129 economies in this year's Global Innovation Index (GII) – an annual ranking of countries by their capacity for, and success in, innovation.</p> <p>Pernia suggested the following policy reform agenda that will accelerate and sustain economic growth:</p> <ul style="list-style-type: none"> Passage into law of the remaining tax reform packages; the proposed measures for budget reform; the national land use policy; the national competition
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<p>Continuation... Appropriations</p>	<ul style="list-style-type: none"> Department of Finance (DOF) – on the National Government’s fiscal and revenue collection performance Bangko Sentral ng Pilipinas (BSP) – on the country’s monetary, financial and external developments and outlook Discussion/Comments 	<p>policy; the national quality infrastructure program; and the disaster resiliency programs; and</p> <ul style="list-style-type: none"> Amendment of the Public Service Act, Foreign Investment Act, Retail Trade Act, and Build-Operate-and-Transfer (BOT) Law. <p>DOF Undersecretary Gil Beltran reported that in 2018, national revenues grew by 15.2% and tax collection posted a 14% growth rate attributed mainly to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law and continued administrative reforms.</p> <p>For the first six months of 2019, government revenues reached P1.5 trillion which is higher than the revenue collections during the same period last year. This, Beltran said, is also due largely to the implementation of the TRAIN Law.</p> <p>For 2020, the national government aims to have a 12.3% revenue growth, or P3.5 trillion, through efficient revenue collection measures by the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). The proceeds from the remaining tax reform programs are projected to contribute P195.5 billion to the government coffers next year.</p> <p>BSP Deputy Governor Francisco Dakila Jr. reported that global economic activities remain sluggish this year and are expected to remain soft until 2020. Nevertheless, he said, the Philippine economy continues to sustain its resilience notwithstanding the fragile and uncertain global economic landscape.</p> <p>Dakila said that the macroeconomic fundamentals remain firm because of the respectable GDP growth; easing price pressures; well capitalized banks; prudent fiscal balance; healthy bank lending growth; firm external payments position; manageable debt balance; and investment grade status. The Philippine peso, he added, remains market-determined.</p> <p>Dakila explained that the 2018 inflation settled above the 3% target because of tight domestic food supply, higher global oil prices, and increased excise taxes on oil, tobacco and sweet beverages. Dakila is confident that this year until 2021, inflation will revert to the annual average target of 2.6% to 2.9%.</p> <p>Minority Leader Bienvenido Abante Jr. (6th District, Manila) and Rep. Janette Garin (1st District, Iloilo) questioned the proposed allocation of P67.4 billion to the Philippine Health Insurance Corporation (PhilHealth) in view of the reported corruption in the agency.</p> <p>The DBM head explained that as the implementing agency of the Universal Health Care (UHC) Law, PhilHealth has to be provided the corresponding budget. Avisado assured the Members that the utilization of the fund will be closely monitored to avoid any misuse.</p> <p>With regard to the internal revenue allotment (IRA) share of LGUs, Minority Leader Abante and Rep. David “Jay-Jay” Suarez (2nd District, Quezon) asked about the date of implementation of the Supreme Court (SC) ruling which affirmed that the IRA share of LGUs shall be computed based on all national taxes, which now include customs duties and fees, and not just from national internal revenue taxes being collected by the BIR. Avisado replied that the adjusted amounts will be given to the LGUs starting with the 2022 budget cycle.</p>
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Continuation... Appropriations		<p>Replying to the query of Rep. Ferdinand Gaité (Party-List, BAYAN MUNA) about the reported salary increase for civilian government workers next year, Avisado confirmed that the amount of P31 billion has been allocated under the proposed national budget for 2020 for the proposed Salary Standardization Law (SSL) 5.</p> <p>Several lawmakers also called on the DBM to allocate a higher budget for the agriculture sector under the 2020 proposed national budget.</p> <p>Other issues and concerns raised by the House Members during the meeting were addressed or acknowledged by the DBM and the other agencies present.</p>
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COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Appropriations	Substitute Bill to HBs 176, 313, 1042, 1909, 2084, 2554, 2704, 2956 & 3356	Reps. Suansing (H.), Salceda, Singson-Meehan, Deputy Speaker Villafuerte, Reps. Cua, Garin (S.), Deputy Speakers Gonzales (A.) and Romero, and Rep. Hofer	Amending Sections 4, 5, 20, 22, 27, 28, 34, 40, 50, 73, 112, 117, 204, 222, 237, 237-A, 255, 256, 257, 258, 260, 261, 262, 263, 264, 265, 266, 275, 288, and 290 and adding Sections 6-A, 282-A, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 301-A, 301-B, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, and 314 under the National Internal Revenue Code of 1997, as amended	<p>The Committee, chaired by Rep. Isidro Ungab (3rd District, Davao City), approved the appropriations provision of the substitute bill.</p> <p>The proposed Corporate Income Tax and Incentives Reform Act (CITIRA) aims to gradually lower the corporate income tax rate from 30% to 20% by 2029 and to promote a fair and accountable tax incentives system that is targeted, performance-based, time-bound, and transparent.</p> <p>A bill with similar subject matter was approved on Third Reading during the 17th Congress.</p>